

CLASSIFICATION RESTRICTED
 SECURITY INFORMATION
 CENTRAL INTELLIGENCE AGENCY
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

STAT

COUNTRY Czechoslovakia
 SUBJECT Economic - Financial, budget
 HOW PUBLISHED Daily newspaper
 WHERE PUBLISHED Prague
 DATE PUBLISHED 25 Mar 1952
 LANGUAGE Czech

DATE OF INFORMATION 1952

DATE DIST. 13 Jan 1953

NO. OF PAGES 4

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Zemedelske Noviny.THE 1952 CZECHOSLOVAK BUDGET

[Comment: The following report is taken from an address to the Czechoslovak National Assembly delivered 24 March 1952 by Jaroslav Kabes, Minister of Finance, recommending that the assembly approve the proposed budget for 1952.

It may be pointed out that budget information seldom appears in the Czechoslovak press, and then only in the most general terms.]

The proposed state budget for 1952 includes total state receipts of 324.3 billion crowns, and total expenditures of 323.5 billion crowns, leaving a surplus of 0.8 billion crowns.

Only 79.2 percent of the state receipts and 55.9 percent of state expenditures in this budget can be compared with those of 1951. The other entries appear in the state budget this year for the first time.

The largest single component of the total state receipts is the general tax. This tax is no longer calculated as an administrative income under the heading of the Ministry of Finance, but as the income of enterprise sections of the plan of the economic ministries, whose enterprises remit the tax and whose responsibility it is to collect it properly.

Fulfillment of the plan for the total general tax is dependent on the fulfillment of the production and sales plan, the plan for receipts and expenditures by the population, and the retail trade turnover plan. Thus this tax is an index to the fulfillment of the plan by the particular ministries and their component enterprises, since the total tax is calculated in accordance with the goals set for these ministries by the state economic plan.

To make the best possible provision for the orderly collection of the general tax for the state treasury as a component of enterprise accumulation, and to use it effectively for control purposes, it is planned to change the

- 1 -

STATE		CLASSIFICATION		RESTRICTED		DISTRIBUTION									
ARMY	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB											
	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI											

RESTRICTED

STAT

general tax law in 1952, and to transfer the collection of this tax as soon as possible and insofar as possible, to production, i.e., directly to the sales agencies of industry. The general investment tax is to be abolished.

The special income tax has been second in importance only to the general tax, i.e., the form of tax remittance from enterprise accumulations. In 1952 this will be no longer true.

This year for the first time, remittance of profits from socialist enterprises will take the place of this special income tax, and along with the general tax will carry the main load so far as state income is concerned. This does not include all the profits of these enterprises, but only that portion which, according to the finance plan, is not to be used within the ministries, main administrations, and enterprises for capital goods investment by these enterprises, or to increase their own reserves. After the approval of the budget, these profit remittances will be legally binding as listed.

Whereas remittance from enterprise accumulations total 86.5 percent of all state receipts in the budget for 1952, only 6.2 percent come from taxes paid by the people; the chief source of the latter is the wage tax, the taxes on agricultural, small business, literary and artistic activities, and the taxes on independent professions. In this way everyone will become aware that we receive nothing free, and that we have only what we produce ourselves.

Of the total expenses, 217.5 billion crowns, or 67.2 percent, are for national enterprises and their administration; 58.8 billion crowns, or 18.2 percent, are for cultural and social measures; 22.4 billion crowns, or 6.9 percent, are for national defense and security; 20.1 billion crowns, or 6.2 percent, are for the state administration; and 4.7 billion crowns, or 1.5 percent, are for the national debt.

The chief expense item in this year's budget is the cost of national administration. In the breakdown for this item, however, the amount set aside for capital goods is particularly important.

The policy of increased capital goods investments appears as an item of expense in national enterprises and various administrations, as well as in the purely cultural and social welfare agencies. In the state budget, in addition to all these component expenditures, there is a sum of 92 billion crowns set aside for capital goods investments.

There are a number of norms concerning investment activity and procedure in industry. Here also the problem is to observe political and socialist laws.

The example of the Czechoslovak Construction Enterprises, which are already being liquidated, is the proof of how much evil incorrect organization can cause. The Czechoslovak Construction Enterprises, could not be centrally controlled. Hence proper factory methods were not followed uniformly; there were stocks of goods on which records had not been kept; in many cases the property of nationalized private construction firms had not been included in the accounts, and illegal wages were being paid.

More than 11.5 billion crowns are allotted to the schools for 1952, in addition to capital goods purchases. This is approximately 28 percent more than in 1951. The operation of kindergartens, expenses for which are to rise by 66 percent over 1951, is directed toward all-day care so that women may be included in industrial work. The same purpose is foreseen in the primary and intermediate schools, in which a considerable proportion of all increased expenses (26 percent) is to go toward the establishment of youth groups and of new training methods in pioneer and Michurin circles. The expenses for specialized education, which have

- 2 -

RESTRICTED

RESTRICTED

STAT

increased by 25 percent, are the result of the specialization of studies and of their close connection to practice, so that even the workers in the factories may be able to train themselves.

We shall devote almost 50 percent more to the colleges in 1952 than in 1951, excluding the cost of long-term capital investments. This increase is connected with the organizational reform of the colleges and with the introduction of new training and teaching methods. These are directed toward close connection with industrial and agricultural production and toward the improvement and intensification of independent scientific and research activities. The number of colleges has grown to 24 with five branch faculties, and it is planned that more than 42,000 students will study in them during the next school year.

Scientific activity conducted outside the colleges is to receive 33 percent more support than in 1951. Part of this is intended for measures outlined in the organization of scientific activity.

This year we have increased the amounts allotted for scholarships, dormitories, student allowances, and other social welfare items for students and pupils to a total of almost a billion crowns. This means an increase of 44 percent for college students and 87 percent for pupils as compared with 1951. In addition, the state budget allots more than half a billion crowns for school kitchens, which represents an increase of 115 percent over 1951. This latter provision is due mainly to the fact that there has been a great increase in the number of children who receive all their meals while in school.

That care of our youth is of primary importance is shown by the fact that the budget allows some 700 million crowns for the purpose of the Youth Recreation Program. Establishment of children's homes, rest homes in agricultural areas and at railroad stations, and other child havens testify to the state's interest in the collective training and material provision for the children, outside school and the family. The budget has provided more than 5 billion crowns for this purpose.

The uninterrupted growth and development of agricultural education is reflected in the budget for 1952, which has increased its allotment for this purpose by approximately 44 percent.

The young apprentices are provided for in state specialized training institutions and in the factory training schools. Allotments for these specialized training schools, together with the maintenance of youth homes total more than 2 billion crowns. Costs for these apprentice schools are met partially by the state budget and partially by the national enterprises.

State day nurseries are maintained at a cost of 700 million crowns.

The national insurance budget, which was formerly an independent section of the state budget, is now included among other social measures. The administration of national insurance has been reorganized so that medical care will be progressively taken over by the workers who are united in the Revolutionary Trade-Union Movement. All preventive and therapeutic health care has been concentrated in the state administration. The national insurance budget includes a sum of 8.7 billion crowns for medical insurance. A total of 27.2 billion crowns is to be paid out from the national insurance budget for pensions. Allotments for public health have risen by 113.8 percent over 1951.

By the end of 1951, a total of 93.3 percent of all obeces had telephone service; 6.7 percent of the obeces remained to receive telephones. This program will be completed in 1952 in the Czech Provinces and in 1953 in Slovakia.

- 3 -

RESTRICTED

RESTRICTED

In 1951 there were 2,711 percent more persons transported by state buses than in 1937, while the railroads transported 92 percent more persons in 1951 than in 1937.

Expenses for the actual administrative departments of the state administration, such as interior, finance, justice, etc., total only 6.2 percent of over-all state expenses, and next to the sum allotted to servicing the national debt, these are the smallest expenses of the state budget. The instrument and the guarantee of efficient state administration are the wage funds, introduced on 1 January 1952.

- E N D -

- 4 -

RESTRICTED

STAT

